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STANDING COMMITTEE ON FINANCE
(2010-11)

FIFTEENTH LOK SABHA

MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

(Action taken by the Government on the recommendations contained in the Fourteenth Report of the Standing Committee on Finance on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation

TWENTY-NINTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2010/ Agrahayana, 1932 (Saka)

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Presented to Lok Sabha on 10 December, 2010
Laid in Rajya Sabha on 10 December, 2010

LOK SABHA SECRETARIAT
NEW DELHI

December, 2010/ Agrahayana, 1932 (Saka)

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* *Not appended to the Cyclostyled copy of the Report*

COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2010-2011

Shri Yashwant Sinha - Chairman

MEMBERS

LOK SABHA

2. Dr. Baliram (Lalganj)
3. Shri Sudip Bandyopadhyay
4. Shri C.M. Chang
5. Shri Harishchandra Chavan
6. Shri Bhakta Charan Das
7. Shri Khagen Das
8. Shri Gurudas Dasgupta
9. Shri Nishikant Dubey
10. Shri Bhartruhari Mahtab
11. Shri Mangani Lal Mandal
12. Smt. Jaya Prada Nahata
13. Shri Rayapati Sambasiva Rao
14. Shri Magunta Sreenivasulu Reddy
15. Vacant•
16. Shri Sarvey Sathyanarayana
17. Shri G.M. Siddeshwara
18. Shri N. Dharam Singh
19. Shri Manicka Tagore
20. Dr. M. Thambidurai
21. Shri Anjankumar M. Yadav

RAJYA SABHA

22. Shri S.S. Ahluwalia
23. Shri Raashid Alvi
24. Shri Vijay Jawaharlal Darda
25. Shri Piyush Goyal
26. Shri Moinul Hassan
27. Shri Satish Chandra Misra
28. Shri Mahendra Mohan
29. Dr. Mahendra Prasad
30. Dr. K.V.P. Ramachandra Rao
31. Shri Y.P. Trivedi

SECRETARIAT

1.	Shri A.K. Singh	-	Joint Secretary
2.	Shri T.G. Chandrasekhar	-	Additional Director

• Shri Y.S. Jagan Mohan Reddy, MP has resigned on 29 November, 2010

INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Twenty-Ninth Report on action taken by Government on the recommendations contained in the Fourteenth Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation.

2. The Fourteenth Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 19 April, 2010. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 20 July, 2010.

3. The Committee considered and adopted this report at their sitting held on 8 December, 2010.

4. An analysis of action taken by Government on the recommendations contained in the Twenty-Ninth Report of the Committee is given in the Appendix.

5. For facility of reference, observations/recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
8 December, 2010
17 Agrahayana, 1932 (Saka)

YASHWANT SINHA,
Chairman,
Standing Committee on Finance.

REPORT

CHAPTER I

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their Fourteenth Report (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation (MOSPI), which was presented to Lok Sabha on 19 April, 2010 and simultaneously laid in Rajya Sabha on the same day.

2. The Action taken notes have been received from the Government in respect of all the 13 recommendations contained in the Report. These have been analysed and categorised as follows:

(i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1 to 3 and 5 to 13
(Chapter-II) (Total: 12)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Nil
(Chapter-III) (Total : Nil)

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:

Recommendation No. 4
(Chapter-IV) (Total: 1)

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:

Nil
(Chapter-V) (Total : Nil)

3. The Committee desire that the replies to the comments contained in Chapter I be furnished to them expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

A. BUDGETARY ALLOCATION

Recommendation (Sl. No.1)

5. Noting the increasing trend of variation in Budget Estimates, Revised Estimates and Actual Expenditure of the Ministry of the Statistics and Programme Implementation (MOSPI), the Committee reiterated the need expressed in their earlier report of 2009-10 on devising an effective mechanism for identifying and overcoming the deficiencies in the existing system of budgetary planning for assessing the requirement of funds and in ensuring proper utilization of allocated funds. The Committee also desired that the Government ensure that the on-going scheme namely, India Statistical Strengthening Project (ISSP) is taken up in right earnest and the plan scheme, Basic Statistics for Local Development finalised immediately. The Committee also emphasized on taking concerted action for ensuring timely and effective implementation of projects so as to add to the credibility, accuracy and timeliness of statistics.

6. The Government, in their action taken reply, have *inter-alia* stated as below :-

> "Consequent to the recommendations of the Committee, the Ministry, at the level of Secretary (S&PI), has undertaken a comprehensive review of the entire budgetary planning process of MOSPI, particularly in the light of the observation of the Committee with regard to shortfall in actual Plan expenditure, which are given in the succeeding paragraphs :-
>
> a) Budgetary Planning Process
>
> Formulation of Annual Plan proposals will, henceforth, be more rigorous to avoid large variations in the Budget Estimates, Revised Estimate and Actual Expenditure. In future, all Plan proposals would be prepared by Divisions with more realistic assessment of financial resources. In order to identify the specific Heads of Accounts where the earmarked fund has not been spent for a particular year, all Divisions of MOSPI, while proposing the plan allocations for the scheme(s), a break-up of all activities, and activity-wise budget requirement as per the heads of account would invariably be indicated in their respective Plan proposals. The consolidated Annual Plan proposals of MOSPI would be discussed threadbare with the senior officers of the Ministry, before it is finally sent to Planning Commission.

In respect of all major initiatives proposed in the Plan proposals for the next year, initial basic work would be taken up in January itself so that immediately at the beginning of the financial year in April, activities are taken up in real earnest and expenditure made.

b) Monitoring of Plan expenditure

Stringent monitoring mechanism will be put in place in the Ministry to monitor the expenditure of various schemes of the Ministry. Towards this end, it has been decided to adopt a two-pronged approach to monitor the expenditure in the Ministry. At the initial level, the expenditure would be reviewed by Director Generals of Central Statistical Organisation (CSO) and National Sample Survey organisation (NSSO)/Additional Secretary, as the case may be, on monthly basis; and corrective measures taken so as to ensure pro-rata expenditure vis-à-vis the budget allocations. Thereafter, on quarterly basis, the expenditure would be reviewed at the level of Secretary(S&PI) along with the physical monitoring of activities proposed, as part of the annual action Plan of the Ministry.

In respect of schemes, which are operated by more than one divisions of the Ministry, division–wise allocations would be made by DG, CSO /DG, NSSO before the beginning of the year. Each Division would be instructed to maintain an expenditure register, activity–wise and Head-wise, which should be put up to DGs on regular basis for perusal and for suggesting remedial measures.

c) Action for not spending the funds

Any shortfall in expenditure in respect of any Division, without any proper justification, would be viewed seriously, warranting administrative action against the defaulters.

d) Measures to avoid blocking of resources

In respect of Plan schemes/activities, for which requisite approvals have not been received at the time of proposing allocations, and any delay is expected, only a token provision would be made in the Plan proposals so that scarce Government resources do not remain blocked for want of administrative clearances.

e) Timely completion of major works

All civil works to be taken up by the Ministry or its subordinate formations would be identified well in advance before the start of financial year, and advance action like getting land or getting estimates of construction or preparation of architecture design etc. taken up so that work is initiated, at the beginning of year and funds released in

time. In case of delays by the construction agency, regular meeting with CPWD/(or other construction agency, as the case may be), would be arranged by the Divisional Heads with Secretary(S&PI) to ensure timely completion of projects".

7. At the behest of the Committee, the Ministry have undertaken a comprehensive review of the entire budgetary planning process and proposed institutionalized measures for enabling realistic assessment of financial resources, stringent monitoring mechanism of the expenditure on various schemes, and taking administrative action on those held responsible for shortfalls and slippages in utilization of plan resources. The Committee would like to be kept apprised of the effectiveness of these measures in addressing the persistent problem of shortfalls in meeting the plan expenditure and implementing schemes.

B. NATIONAL STATISTICAL COMMISSION

Recommendation (Sl. Nos. 4 and 6)

8. The Committee had desired that concrete action be taken for persuading all the Ministries/ Departments concerned for expeditiously furnishing all the required inputs to the National Statistical Commission so as to enable the Commission in preparing the list of 'core-statistics' and formulate the methodology for collection of such statistics without any further delay.

9. In reply to the recommendation made in the report on Demands for Grants (2007-08) on according statutory status to the National Statistical Commission, the Ministry had *vide* reply dated 26 July, 2007 informed that the matter was being submitted for Cabinet approval. The National Statistical Commission was yet to be accorded statutory status. The Committee reiterated their earlier recommendation that conferring statutory status would enable the Commission to function in an independent manner for strengthening the statistical system in the Country. The Committee also desired that vigorous efforts be made to ensure proper interaction and coordination in statistical matters between the various Ministries and agencies of the Government.

10. In their action taken notes, the Ministry of Statistics and Programme Implementation have stated as under :-

> "The National Statistical Commission has decided to interact with the Central Ministries/ Departments on the issue of finalizing the list of core statistics. The interaction sessions are scheduled to be held on 20th & 21st May 2010. Based on the discussions during these sessions, the Commission would consider recommending a list of core statistics to the Government.
>
> The issue of conferring statutory status to the National Statistical Commission is under examination of the Commission. Interaction and coordination in statistical matters between the various Ministries and agencies of the Government at the Centre and in the States is an ongoing process, which is reviewed every year in the Conference of Central and State Statistical Organisations".

11. The Ministry have informed that the National Statistical Commission proposes to hold inter-active sessions with the Central Ministries / Departments on the issue of finalizing the list of core statistics. The Committee cannot help expressing unhappiness on the delay in finalizing the list of core statistics. The Committee urge upon the Government to ensure that listing out the areas of core statistics as well as the methodology for collection of core statistics is finalized expeditiously.

12. The Committee also regret to note that though the issue of conferring statutory status to the National Statistical Commission was slated to be placed before the Cabinet way back in 2007, no tangible progress has been made in this direction even after a lapse of more than three years. The Committee urge upon the Government to ensure that the examination of the proposal is completed expeditiously and the related Bill, which would enable the National Statistical Commission to function independently is brought before Parliament. In this regard, the Committee would like to know as to by when the Bill would be readied for introduction. The Committee would also like to be apprised of the findings of the reviews undertaken at the conferences of Central and State Statistical Organisations for improving interaction and co-ordination between them in statistical matters and action taken thereon.

C. Price Indices

Recommendation (Sl. No. 8)

13. At present, there are multiple agencies involved in the collection, compilation and release of various indices. With a view to rationalizing the compilation and release of the various indices, the Committee reiterated their earlier recommendation made in Sixth Report that the Government should consider entrusting the job of coordinating and releasing of indices to a single nodal agency, preferably the Ministry of Statistics and Programme Implementation, which already had the professional expertise required for this purpose.

14. The Ministry, in their action notes, have submitted as under :-

> "As recommended by the Standing Committee on Finance the issue was referred to National Statistical Commission (NSC). The Commission has informed that it has been decided to constitute a Committee under the Chairmanship of one of its Members to examine the issue of institutional arrangements for collection of prices, compilation and dissemination of Wholesale and Consumer Price Indices and integration of data collection machinery. The Committee has started its functioning".

15. The Committee appreciate the fact that the Government has taken up their recommendation for entrusting the work of co-ordinating and releasing various price indices to a single nodal agency in right earnest by referring the matter to the National Statistical Commission, who, in turn, have constituted a separate committee for examining the matter. Reviewing the existing institutional arrangements for data collection, compilation and release of various indices to have a co-ordinated approach under a nodal agency is, as recommended by the Committee, an imminent necessity. The Committee, therefore, wish to be kept apprised of the progress made in this regard on the basis of the examination of the matter by the National Statistical Commission.

D. SHORTAGE OF MANPOWER

Recommendation (Sl. No. 10)

16. The Committee, upon taking note of the submission of the Ministry that shortage of manpower in the Indian Statistical Service (ISS) and in the Subordinate Statistical Service (SSS) was adversely affecting the programmes and schemes of the Ministry of Statistics and Programme Implementation including the functioning of the National Academy of Statistical Administration, i*nter-alia* desired that the Ministry pursue the matter relating to amendment of recruitment rules with the Department of Personnel and Training (DOPT). The Committee also desired that simultaneously, the Staff Selection Commission should be impressed on the need for making adequate efforts for filling up the vacant posts by direct recruitment without any delay. The Committee also recommended that the matter relating to the revision of grade pay for certain posts (Statistical Investigators Grade-I and II) should be actively pursued with the Ministry of Finance for an early decision so as to enable in overcoming the problem of high attrition.

17. The Ministry, in their action taken reply, have *inter-alia* stated as under:

> "With respect to shortage of manpower, it is stated that vacancy in ISS are mainly in promotional grades and suitable action is taken to consider promotions in accordance with provisions contained in recruitment rules. So far as shortage of manpower in SSS is concerned, it is stated that appointment procedure for 441 candidates against 2008 Examination is in progress and it is expected that these candidates will be joining by the end of August 2010. Staff Selection Commission (SSC) did not conduct examination for 2009 and, however, 2010 examination is in progress against which, 350 confirmed vacancies have been communicated. With regard to revision of Grade pay from Rs.4200 to Rs.4600 and Rs.4600 to Rs.4800 in respect of Statistical Investigators (SIs) of Grade-II and Grade-I respectively, Ministry of Finance (Department of Expenditure) was approached but vide their note UO No.41(1)-E-III CB/2010 dated 26 May, 2010 proposal has again been turned down. Hence, it is apprehended that number of candidates joining the Service may be low and rate of high attrition may continue. Keeping in view, functional requirements of the organization, posts falling vacant in S.I Grade-I upto 31 March, 2010, have been filled-up on ad-hoc basis and adequate number of contract Investigators have been engaged by NSSO(FOD) against vacant posts of S.I Grade-II. Thus, shortage of manpower in NSSO(FOD) have been taken care on short-term basis. In order to address long-term solution to manpower shortage, provision for appointment on deputation, along with appointment on contractual basis,

in exceptional circumstances, have been incorporated in the revised recruitment rules of SSS and Department of Personnel and Training (DOPT) has been requested to approve the recruitment rules on priority. The contract Investigators who have been engaged by NSSO(FOD) on regional basis are being imparted training, related to their assignments by concerned field units. With effect from 2010 onwards, SSC has included recruitment of Statistical Investigators in Combined Level Graduate Examination and hence it will be able to provide candidates on yearly basis."

18. The Committee note from the information furnished in the action taken note that the vacancies in Indian Statistical Service (ISS) are mainly in promotional grades which is within the purview of the Ministry. The Committee expect that, as proposed, suitable action is taken expeditiously for filling up the vacant promotional posts so as to address the problem of shortage of manpower. As regards manpower shortage in Subordinate Statistical Service (SSS), the Ministry have stated that as a long-term solution, provisions for appointment on deputation, along with appointment on contractual basis, in exceptional circumstances, have been incorporated in the revised recruitment rules of SSS and Department of Personnel and Training (DOPT) has been requested to approve the recruitment rules on priority. The Committee expect the Ministry to incessantly pursue the matter with DOPT for early approval of the revised recruitment rules.

E. INFRASTRUCTURE AND PROJECT MONITORING

Recommendation (Sl. No. 13)

19. The Committee urged upon the need for addressing the inherent deficiencies relating to project formulation, functioning of Empowered Committees and ensuring accountability of the agencies involved in project implementation. The Committee expected that concerted action would be taken in identifying and rectifying the deficiencies in the system in coordination with the administrative Ministries concerned so as to bring-in qualitative and systematic improvements in various areas of project formulation, planning, implementation and monitoring. The Committee desired to be apprised of the outcome in this regard.

20. In their action taken note, the Ministry of Statistics and Programme Implementation have submitted as follows :-

> "In pursuance to the observations of the Standing Finance Committee on the issue of the time and cost overruns as a follow up, a Committee has been constituted in the Ministry of Statistics and Programme Implementation under the Chairmanship of Additional Secretary to examine in details the recurring problems of time and cost overruns in projects and other observations made by the Committee. The Committee would submit a report after its detailed deliberations".

21. The Committee note that in the light of their recommendation, the Ministry have constituted a Committee under the Chairmanship of an Additional Secretary level officer to examine in detail the recurring problem of time and cost overruns in implementation of the projects. The Committee expect the internal group constituted by the Ministry to complete its work within a time frame of two months and they be apprised of its findings and the measures proposed for bringing improvements in project formulation and implementation.

New Delhi;
08 December, 2010
17 Agrahayana, 1932 (Saka)

YASHWANT SINHA,
Chairman,
Standing Committee on Finance.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl Nos. 1 & 2)

Recommendation Sl.No.1

The Committee note with concern the persistent shortfall in the plan expenditure of the Ministry as compared to the budgeted estimates which has been to the extent of Rs. 27.76 crore (33%) in 2006-07, Rs. 26.00 crore (28%) in 2007-08, Rs. 66.15 crore in 2008-09 (51%) and Rs. 137.41 crore in 2009-10 (60%). Taking note of the continued underutilization of the budgeted planned funds, the Committee had, in their 4th Report on Demands For Grants (2009-10), inter-alia emphasized the need for undertaking an effective exercise for identifying the shortcomings in the mechanism of budgetary planning and ensuring proper utilization of funds. Regrettably, however, no special efforts appear to have been taken by the Ministry in this regard with the position having deteriorated further, mainly due to shortage of manpower and slippages in implementing schemes which have a significant bearing on the accuracy and credibility of statistical data. For instance, the entire amount of Rs. 30.00 crore for 2008-09 and Rs. 100.00 crore for the year 2009-10 earmarked for the India Statistical Strengthening Project was left unutilized for want of requisite approvals for implementing the scheme. And, a budgetary allocation of Rs.100.00 crore has once again been made for the scheme for the year 2010-11. Similarly, the scheme, Basic Statistics for Local Level Development could not be launched as a full fledged centrally sponsored scheme so far with a substantial portion of the budgeted funds of Rs. 5.00 crore each for the years 2007-08 and 2008-09, and Rs. 12.00 crore for the year 2009-10 remaining unutilized. Recurrent and substantial underutilization of the budget allocation as well as sharp variations in the budget and revised estimates have also been witnessed under certain plan heads which include, 'Strengthening of Computer Centre', 'Capacity Development' and 'Strengthening monitoring and Evaluation for Projects and Programmes'. The budget estimate of Rs. 14.70 crore and Rs.25.00 crore made for the 'Computer Centre' in the years 2007-08 and 2008-09 respectively was substantially reduced to Rs. 7.84 crore and Rs. 15.30 crore at the stage of revised estimates and the funds finally remained substantially unutilized.

Recommendation Sl.No.2

The increasing trend of variations in the Budgetary Estimates, Revised Estimates and Actual Expenditure of the Ministry is indicative of lack of objectivity on the part of the Government in ensuring proper budgetary planning and adopting a casual attitude in implementing Plan schemes. The Committee, therefore, reiterate the need on the part of the Government in devising an effective mechanism for identifying and overcoming the deficiencies in the existing system of budgetary planning for assessment of required funds and in ensuring proper utilization of allocated funds. The

Committee also expect the Government to ensure that the pending schemes are finalised immediately and concerted action taken for timely and effective implementation of projects so as to add to the credibility, accuracy and timeliness of statistics. The Committee expect to be apprised of the specific action taken in this regard**.**

Action Taken by the Government

Expressing concern over the persistent shortfall in the plan expenditure of Ministry of Statistics and Programme Implementation as compared to the budgeted estimates, the Standing Committee has emphasized the need for undertaking an effective exercise for identifying the shortcomings in the mechanism of budgetary planning and ensuring proper utilization of funds so as to avoid large variations in the BE, RE and Actual Expenditure under various plan heads of MOSPI. The Committee has also called for devising an effective mechanism for identifying and overcoming the deficiencies in the existing system of budgetary planning for assessment of required funds and in ensuring proper utilization of allocated funds.

2. Consequent to the recommendations of the Committee, the Ministry, at the level of Secretary(S&PI),has undertaken a comprehensive review of the entire budgetary planning process of MOSPI, particularly in the light of the observation of the committee with regard to shortfall in actual plan expenditure, which are given in the succeeding paragraphs :-

a) Budgetary Planning Process

Formulation of Annual Plan proposals will henceforth be more rigorous to avoid large variations in the Budget Estimates, Revised Estimate and Actual Expenditure. In future, all plan proposals would be prepared by Divisions with more realistic assessment of financial resources. In order to indentify the specific heads of accounts where the earmarked fund has not been spent for a particular year, all Divisions of MOSPI, while proposing the plan allocations for the scheme(s), a break-up of all activities, and activity-wise budget requirement as per the heads of account would invariably be indicated in their respective plan proposals. The consolidated Annual Plan Proposals of MOSPI would be discussed threadbare with the Senior Officers of the Ministry, before it is finally sent to Planning Commission.

In respect of all major initiatives proposed in the plan proposals for the next year, initial basic work would be taken up in January itself so that immediately at the beginning of the financial year in April, activities are taken up in real earnest and expenditure made.

b) Monitoring of Plan Expenditure

Stringent monitoring mechanism will be put in place in the Ministry to monitor the expenditure of various schemes of the Ministry. Towards this end, it has been decided to adopt a two-pronged approach to monitor the expenditure in

the Ministry. At the initial level, the expenditure would be reviewed by Director Generals of CSO and NSSO/Additional Secretary, as the case may be, on monthly basis; and corrective measures taken so as to ensure pro-rata expenditure vis-à-vis the budget allocations. Thereafter, on quarterly basis, the expenditure would be reviewed at the level of Secretary(S&PI) along with the physical monitoring of activities proposed, as part of the Annual Action Plan of the Ministry.

In respect of schemes, which are operated by more than one Divisions of the Ministry, Division–wise allocations would be made by DG, CSO /DG, NSSO before the beginning of the year. Each Division would be instructed to maintain an expenditure register, activity –wise and Head-wise, which should be put up to DGs on regular basis for perusal and for suggesting remedial measures.

c) Action for not spending the funds

Any shortfall in expenditure in respect of any Division, without any proper justification, would be viewed seriously, warranting administrative action against the defaulters

d) Measures to avoid Blocking of resources

In respect of plan schemes /activities, for which requisite approvals have not been received at the time of proposing allocations, and any delay is expected, only a token provision would be made in the plan proposals so that scarce Government resources do not remain blocked for want of administrative clearances.

e) Timely completion of Major Works

All civil works to be taken up by the Ministry or its subordinate formations would be identified well in advance before the start of financial year, and advance action like getting land or getting estimates of construction or preparation of architecture design etc. taken up so that work is initiated , at the beginning of year and funds released in time. In case of delays by the construction agency, regular meeting with CPWD/(or other construction agency, as the case may be), would be arranged by the Divisional Heads with Secretary(S&PI) to ensure timely completion of projects.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Comments of the Committee
(Please see Para No. 7 of the Chapter I)

Recommendation (Sl No. 3)

The Committee are constrained to note that the work of the National Statistical Commission (NSC), which was constituted in July, 2006 in pursuance of the recommendations made by the Rangarajan Commission in 2001 was stymied in the year 2009-10 owing to the vacant positions of part-time Chairman and Members. Consequently, as against the budgetary allocation of Rs. 0.84 crore made for the Commission for the year 2009-10 only an amount of Rs. 0.31 crore was expended with the studies planned not having being commissioned. The Committee emphasize the need for ensuring that important positions are not left vacant so as to ensure that the work of the National Statistical Commission is not jeopardized.

Action Taken by the Government

At present, there are no vacancies in the National Statistical Commission. However, in future, suitable steps would be taken to expeditiously complete the process of filling vacant positions in the Commission, as and when they arise.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Recommendation (Sl. No. 5)

The Committee also find it surprising that the mechanism created in the form of an Empowered Committee under the Chairmanship of the Secretary, Ministry of Statistics and Programme Implementation with a clear mandate to expedite the implementation of the recommendations made in the report of the Rangarajan Commission (2001) covering administrative and technical requirements for bringing improvement in the Indian Statistical System has failed in achieving this goal. Consequently, the National Statistical Commission has sought adequate powers for monitoring and enforcing implementation of the recommendations. The Committee desire to be kept apprised of the proposal for appointing a Standing Committee for monitoring the implementation of the Rangarajan Commission's recommendations as also the recommendations of the National Statistical Commission and the improvements brought about in the Indian Statistical System as a consequence of pursuing the recommendations for implementation.

Action Taken by the Government

The National Statistical Commission decided to constitute a Standing Committee under the Chairmanship of one of its Members to monitor the implementation of the Rangarajan Commission's recommendations as also the recommendations of the present National Statistical Commission. Status reports required for review and monitoring by the Committee are under preparation. The Committee is expected to start functioning after a month.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Recommendation (Sl. No. 6)

Identification of the areas of core statistics and evolving appropriate standards and methodology for collection of such statistics is one of the mandates of the National Statistical Commission, completion of which has been emphasized upon by the Committee in their reports presented earlier. The Committee desire that concrete action be taken for persuading all the Ministries/ Departments concerned for expeditiously furnishing all the required inputs to the National Statistical Commission so as to enable the Commission in preparing the list of 'core-statistics' and formulate the methodology for collection of such statistics without any further delay.

Action Taken by the Government

The National Statistical Commission has decided to interact with the Central Ministries/ Departments on the issue of finalizing the list of core statistics. The interaction sessions are scheduled to be held on 20th & 21st May 2010. Based on the discussions during these sessions, the Commission would consider recommending a list of core statistics to the Government.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Comments of the Committee
(Please see Para No.11 of the Chapter I)

Recommendation (Sl. No. 7)

The Committee had, in their 4th Report on Demands for Grants (2009-10) of the Ministry, as well as the 6th Report on Inflation and Price Rise, inter-alia recommended expediting the work of compilation of new series of nation wide Consumer Price Index for urban and rural areas, which, as perceived by the Rengarajan Commission (NSC; 2001) would be a prelude in formulating a National Consumer Price Index (CPI). As per the current submission of the Ministry, releasing the new series of CPI (Rural) and CPI (Urban) with a revised base year, which has been in the anvil since long is now expected by February, 2011. The Committee expects that the Ministry would spare no effort in completing this long delayed work of bringing out the new series of price indices as per the schedule now indicated. The Committee also desires to be kept apprised of the progress made in this direction.

Action Taken by the Government

The current status of compilation of new series of CPI (Urban) and CPI (Rural) and the future plan of work are as under:

CPI for Urban areas

CPI(Urban) would be compiled at State/UT as well as at all India levels. Weighting diagrams (consumption pattern) of the CPI (Urban) have been derived from the results of the NSS 61st round of Consumer Expenditure Survey (2004-

05). All cities/towns having population (2001 Population Census) more than 9 lakh and all State/UT capitals not covered therein were selected purposively. In all 310 towns have been selected either on purposive or random basis from which 1114 quotations (price schedules) are canvassed every month. Regular price and rent data are being collected by the NSSO (FOD).

Trial indices of CPI (Urban) at State/UT/All India level were compiled in February, 2010. It is expected to release January, 2011 indices at State/UT/All India levels by February, 2011**[**subject to the approval of the Technical Advisory Committee (TAC) on Statistics of Prices and Cost of Living (SPCL) on the selection of the base year] and release of indices for subsequent months accordingly.

CPI for rural areas

CPI (Rural) would also be compiled at State/UT as well as at all India levels. Weighting diagrams of the CPI (Rural) have also been derived from the results of the NSS 61st round of Consumer Expenditure Survey (2004-05). With a view to have a workload within manageable limits and considering the fact that the CPI (Rural) would provide the price changes for the entire rural population of the country, a total of 1183 villages have been selected at all India level. The broad criterion of selection of villages is to have representation of all the districts with in State/UT and therefore two villages from each district adjusted on the basis of rural population of the State/UT have been selected randomly from different tehsils. As field investigators of NSSO (FOD) were not available for price collection in the rural areas, this work has been entrusted to the Department of Posts. After training by NSSO (FOD), price data collection work has started from October 2009.

It is expected that trial indices of CPI (Rural) would be available by September, 2010. Further it is expected to release January, 2011 indices at State/UT/All India levels by February, 2011 [subject to the approval of the Technical Advisory Committee (TAC) on Statistics of Prices and Cost of Living (SPCL) on the selection of the base year] and release of indices for subsequent months accordingly.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Recommendation (Sl. No. 8)

The Committee also find that the proposal made in their Sixth report for entrusting the work of coordinating and releasing various price indices to a single nodal agency has found favour by the Ministry. The Committee desire that the proposal of having a single agency for compilation and releasing of various price indices (consumer and wholesale) with standardized parameters be pursued further in consultation with the National Statistical Commission. The Committee desire to be apprised of the steps taken in this direction.

Action Taken by the Government

As recommended by the Standing Committee on Finance the issue was referred to National Statistical Commission (NSC). The Commission has informed that it has been decided to constitute a Committee under the Chairmanship of one of its Members to examine the issue of institutional arrangements for collection of prices, compilation and dissemination of Wholesale and Consumer Price Indices and integration of data collection machinery. The Committee has started its functioning .

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Comments of the Committee
(Please see Para No.15 of the Chapter I)

Recommendation (Sl. No.9)

As touched upon in the earlier section of this report, significant budgetary allocation made for the World Bank aided India Statistical Strengthening Project (ISSP) which were to the extent of Rs.30.00 crore in 2008-09 and Rs.100.00 crore in 2009-10 remained unutilized. As per the submission now made to the Committee, the process of obtaining all mandatory approved for implementing the project for which an allocation of Rs.100.00 crore has been earmarked (for 2010-11) is expected to be completed soon and the project launched in the near future. The Committee can not help noting here that the project, which is aimed at strengthening the statistical system of the Country as a whole has been languishing for the last eight years. Having a rigorous and reliable statistical system, which would aid in framing the policy direction being an imminent necessity, the Committee expect that, as assured by the Secretary, Ministry of Statistics and Programme Implementation, the project is taken up for implementation in right earnest. Official Statistical System needs revamping from time to time in order to ensure timely collection and dissemination of reliable and credible statistical for policy formulation and planning – both at National level and State level. The system has to be reviewed and redefined according to the data needs of the country as a whole by usage of latest methods and modern technology. The Committee, therefore, expect that the project would be focused on building a strong statistical system with adequate and trained manpower in each Ministry/Department for maintaining and disseminating credible and reliable statistics. The Committee expect to be apprised of the Ministry's plan of action and progress in implementing the India Statistical Strengthening Project.

Action Taken by the Government

The Plan Scheme India Statistical Strengthening Project (ISSP) could not be taken for implementation in 2008-09 and 2009-2010 due to procedural delays which came in the way of Cabinet Committee on Economic Affairs (CCEA) approval of the Scheme. After getting the ISSP appraised by the Expenditure Finance Committee (EFC) and obtaining the required approval of the Full Planning Commission for the project, the Ministry of Statistics and Programme Implementation (MOSPI) obtained the approval of the CCEA on 19th March, 2010

for the implementation of the ISSP as a new Centrally Sponsored Scheme, with a total budget of Rs. 650.53 crores of which, 80% would be funded through a World Bank Loan and 20% would be borne by the Government of India.

The ISSP has been formulated by the Government of India primarily with a view to supporting the State Statistical Systems and the reforms there under. The four main envisaged policy areas of the reforms are the following:-

(a) Strengthening the institutions of leadership and coordination of the national statistical system;
(b) Improving and increasing the support provided by the Government of India to the statistical systems of the States/UTs;
(c) Strengthening the capacity and performance of the statistical systems in States/UTs; and
(d) Improving the coverage, quality, timeliness and credibility of the statistics generated by the States/UTs.

As regards the Ministry's action plan for implementing the project, it is to be mentioned that the works of preparation of State Strategic Statistical Plans (SSSPs) and signing of Memorandum of Understanding (MoU) between the Government of India and the participating 24 States/UTs, on a case-specific basis and release of funds thereon will be intensively taken-up during 2010-11 and continued, if necessary, during the following year. The various institutional mechanisms which have been designed and created under the project, such as the following, are proposed to be effectively utilized in facilitating the achievement of the objectives and goals of the project:-

(a) Steering Committee for ISSP at the Government of India level under the Chairmanship of Secretary, MOSPI;
(b) The High level Steering Committee for the ISSP at the State/UT level, under the Chairmanship of the concerned Chief Secretary/Administrator;
(c) Project Support Group (PSG) for ISSP set up in MOSPI; and
(d) Project Management Teams for the ISSP at the State/UT level.
(e) Dy. Director Generals (DDGs) of Zonal/Regional offices of NSSO(FOD) incharge of State/UT level coordination are also given the responsibility to guide the States/UTs in preparation of their SSSP.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Recommendation (Sl. No.10)

The Committee feel constrained to note that presently there are about 140 vacancies in the Indian Statistical Service (ISS) and 1300 vacancies in the Subordinate statistical Service (SSS) which comes to nearly 30% of the existing posts. Shortage of manpower has been stated to be adversely affecting the functioning of many programmes and schemes of the Ministry including the functioning of the National Academy of Statistical Administration. The Secretary, MOSPI has attributed the problem to the fairly high attrition for resolving which

the Ministry of Finance has been approached for getting the grade pay of certain posts revised. The Committee had in their 4th Report on Demands for Grants (2009-10) of the Ministry, inter-alia recommended that for overcoming the problem of shortage of manpower, the desirability of appropriately revising the methods and conditions of recruitment need to be taken up with Department of Personnel and Training(DOPT) and the policy of engaging qualified and trained investigators on contract basis pursued. The Committee understand that the proposal for revising the recruitment rules is under process. The Committee expect the Ministry to pursue the matter relating to amendment of recruitment rules without compromising the standards with the DPOT and the concerned cadre controlling authority. Simultaneously, the Staff Selection Commission should be impressed on the need for making for making adequate efforts for filling up the vacant posts by direct recruitment without any delay. The Committee recommend that the matter relating to the revision of grade pay for certain posts should be actively pursued with the Ministry of finance for an early decision so as to enable in overcoming the problem of high attrition.

Action Taken by the Government

With respect to shortage of manpower, it is stated that vacancy in ISS are mainly in promotional grades and suitable action is taken to consider promotions in accordance with provisions contained in recruitment rules.

So far as shortage of manpower in SSS is concerned, it is stated that appointment procedure for 441 candidates against 2008 Examination is in progress and it is expected that these candidates will be joining by the end of August 2010. SSC did not conduct examination for 2009 and, however, 2010 exam. is in progress against which, 350 confirmed vacancies have been communicated. With regard to revision of grade pay from Rs. 4200 to Rs.4600 and Rs.4600 to Rs.4800 in respect of Statistical Investigators of Grade II and Grade I respectively, M/o. Finance (Department of Expenditure) was approached but vide their note UO No.41(1)-E-III CB/2010 dated 26.5.2010 proposal has again been turned down. Hence it is apprehended that number of candidates joining the Service may be low and rate of high attrition may continue. Keeping in view, functional requirements of the organization, posts falling vacant in S.I grade I upto 31.3.2010, have been filled-up on adhoc basis and adequate number of contract Investigators have been engaged by NSSO(FOD) against vacant posts of S.I Grade II. Thus shortage of manpower in NSSO(FOD) have been taken care on short term basis. In order to address long term solution to manpower shortage, provision for appointment on deputation, along with appointment on contractual basis, in exceptional circumstances, have been incorporated in the revised Recruitment Rules of SSS and DOPT has been requested to approve the RRs on priority. The contract Investigators who have been engaged by NSSO(FOD) on regional basis are being imparted training, related to their assignments by concerned field units. With effect from 2010 onwards, SSC has included recruitment of Statistical Investigators in Combined Level Graduate Exam. and hence it will be able to provide candidates on yearly basis.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Comments of the Committee
(Please see Para No.18 of the Chapter I)

Recommendation (Sl. No.11)

Considering the importance of statistics in the various areas, the Committee are of the view that the subject of statistics can be made a part of the curriculum of other subjects offered by the Universities. The Committee also desire that the feasibility of recruiting people from different streams at the initial level of appointment - which has also been agreed to be appropriate by the Secretary - be considered, with the incumbents imparted necessary training for meeting the requirements of the assigned jobs. The Committee also emphasise on evolving a mechanism for having training programmes in campuses and institutes across the country so that people even from remote corners where unemployment is rampant secure jobs.

Action Taken by the Government

It has been decided to refer this issue to the National Statistical Commission for taking up with University Grants Commission.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Recommendation (Sl. No.12)

The Committee are constrained to note that during the period April-December, 2009, performance of most of the infrastructure sectors have lagged behind their targets. Keeping in view the importance of the infrastructure sectors in the overall growth and development of the country, the Committee desire that the reasons for inability to achieve the set targets should be properly examined and analysed to impress upon the concerned departments for taking appropriate remedial measures for meeting the targets and improving the growth rate. The Committee desire that the monitoring mechanism of the Ministry should be made more effective particularly in regard to enabling in addressing problems relating to land acquisition, constraints in the infrastructural linkages etc.

Action Taken by the Government

The infrastructure performance has been examined with respect to the information available for the period April, 2009 to March, 2010. Shortfall against target has been observed in 6 sectors pertaining to power generation, production of crude oil in Natural Gas, construction of roads by National Highway Authority of India, Railway Revenue Earnings Goods Traffic, cargo handled at major ports and net addition to switching capacity in Telecommunication. The concerned Ministries are being requested to provide the reasons for shortfalls, action taken by them to improve performance, details of constraints in infrastructure linkages and action to resolve them as per the **Annexure-I.**

A Committee has also been constituted under the Chairmanship of Addl.Secretary, Ministry of Statistics and Programme Implementation to examine the recurring problems of time and cost overruns in projects and the monitoring mechanism for in`frastructure performance.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Recommendation (Sl. No.13)

The Committee are distressed to note that out of 937 projects costing Rs. 20 crore and above on the monitor of the MOSPI, as on 30th September, 2009, 308 projects have cost overrun, 486 have time overrun with respect to their original approved cost and time frame, and 137 projects have experienced both time as well as cost overruns. The reasons given by the Ministry in this regard which include delays in award of contract, supply of equipment, completion of works by contractors, acquisition of land, change in scope and inadequate infrastructure could have been resolved by taking suitable measures and coordination and proper planning of the projects at the conceptual stage itself and effective monitoring for resolving the bottlenecks during implementation. In their 4th Report on Demands for Grants (2009-10) of the Ministry, the Committee had recommended that corrective steps should be taken for addressing issues contributing to delays and cost escalation in implementing projects and also action taken against those held responsible for the lapses. Evidently, the Ministry has been lagging on the issue. Keeping in view the magnitude and persisting problem of time and cost overruns over the years despite various measures stated to have been taken by the Ministry, as also admitted by the Secretary, MOSPI, the Committee are of the view that it is imperative to address the inherent deficiencies relating to project formulation, functioning of Empowered Committees and ensuring accountability. The Committee expect that the deficiencies in the system should be identified and rectified in coordination with the administrative ministries concerned for bringing qualitative systematic improvements in various areas of project formulation, planning, implementation and monitoring. The Committee desire to be apprised of the outcome in this regard.

Action Taken by the Government

In pursuance to the observations of the Standing Finance Committee on the issue of the time and cost overruns as a follow up, a Committee has been constituted in the Ministry of Statistics and Programme Implementation under the Chairmanship of Additional Secretary to examine in details the recurring problems of time and cost overruns in projects and other observations made by the Committee. The Committee would submit a report after its detailed deliberations.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Comments of the Committee
(Please see Para No.21 of the Chapter I)

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS, WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

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CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl.No.4)

The Committee further note that in pursuance of their earlier recommendation to accord statutory status to National Statistical Commission, the Ministry had informed vide their reply dated 26 July, 2007 that the matter is being submitted for Cabinet approval. However, even after the lapse of about three years, no progress has been made. The Committee reiterate that conferring statutory status would enable the National Statistical Commission to function in an independent manner for strengthening the statistical system in the country. The Committee also desire that vigorous efforts are made to ensure proper interaction and coordination in statistical matters between the various Ministries and agencies of the Government.

Action Taken by the Government

The issue of conferring statutory status to the National Statistical Commission is under the examination of the Commission. Interaction and coordination in statistical matters between the various Ministries and agencies of the Government at the Centre and in the States is an ongoing process, which is reviewed every year in the Conference of Central and State Statistical Organisations.

[Ministry of Statistics and Programme Implementation O. M.No.G-20017/1/201-B&F/dt.20.7.2010]

Comments of the Committee
(Please see Para No.12 of the Chapter I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

N I L

New Delhi :
08 December, 2010
17 Agrahayana, 1932 (Saka)

YASHWANT SINHA
Chairman
Standing Committee on Finance

Minutes of the Eighth sitting of the Standing Committee on Finance

The Committee sat on Wednesday, the 8th December, 2010 from 1500 hrs. to 1550 hrs.

PRESENT

Shri Yashwant Sinha - Chairman

MEMBERS

LOK SABHA

2. Dr. Baliram (Lalganj)
3. Shri C.M. Chang
4. Shri Bhakta Charan Das
5. Shru Gurudas Dasgupta
6. Shri Nishikant Dubey
7. Shri Bhartruhari Mahtab
8. Shri Rayapati Sambasiva Rao
9. Shri Magunta Sreenivasulu Reddy
10. Shri Manicka Tagore
11. Dr. M. Thambidurai

RAJYA SABHA

12. Shri Raashid Alvi
13. Shri Vijay Jawaharlal Darda
14. Shri Moinul Hassan
15. Shri Satish Chandra Misra
16. Dr. Mahendra Prasad
17. Shri Y.P. Trivedi

SECRETARIAT

1. Shri A.K. Singh - Joint Secretary
2. Shri T.G. Chandrasekhar - Additional Director
3. Shri Ramkumar Suryanarayanan - Deputy Secretary

2. The Committee took up the following draft Reports for consideration and adoption :-

(i) Draft Report on action taken by the Government on the recommendations contained in the Eleventh Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Disinvestment);

(ii) Draft Report on action taken by the Government on the recommendations contained in the Twelfth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Finance (Department of Revenue);

(iii) Draft Report on action taken by the Government on the recommendations contained in the Thirteenth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Planning;

(ii) Draft Report on action taken by the Government on the recommendations contained in the Fourteenth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation; and

(iii) Draft Report on action taken by the Government on the recommendations contained in the Fifteenth Report (15th Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports with minor modifications. The Committee also authorized the Chairman to present all the Reports to Parliament in the current session.

The Committee adjourned at 1550 hours.